

Message Text

UNCLASSIFIED

PAGE 01 PORT M 00254 240203Z

70

ACTION EA-10

INFO OCT-01 AF-06 ARA-10 ISO-00 AID-05 CIAE-00 COME-00

EB-07 FRB-01 INR-07 NSAE-00 TRSE-00 XMB-04 OPIC-06

SP-02 CIEP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15

STR-04 CEA-01 L-02 INT-05 GSA-02 H-02 JUSE-00 FTC-01

PA-02 PRS-01 USIA-15 EPA-04 CEQ-01 OFA-01 /128 W

----- 068761

R 232350Z MAR 75

FM AMCONSUL PORT MORESBY

TO SECSTATE WASHDC 384

INFO AMEMBASSY CANBERRA

AMEMBASSY TOKYO

AMEMBASSY SANTIAGO

AMEMBASSY LUSAKA

AMEMBASSY KINSHASA

AMEMBASSY LIMA

AMCONSUL SYDNEY

UNCLAS PORT MORESBY 0254

E.O. 11652: N/A

TAGS: EMIN, EIND, PP

SUBJECT: KENNECOTT OK TEDI COPPER NEGOTIATIONS STALEMATED

REF: PORT MORESBY 219

1. BEGIN SUMMARY: CHIEF MINISTER MICHAEL SOMARE ANNOUNCED TO THE HOUSE OF ASSEMBLY MARCH 12, 1975, THAT SINCE THE NEGOTIATIONS BETWEEN KENNECOTT COPPER AND THE GPNG WERE STALEMATED, THE GOVERNMENT WOULD NOT EXTEND KENNECOTT'S PROSPECTING LEASES BEYOND THEIR MARCH 13 MIDNIGHT EXPIRATION DATE. THUS KENNECOTT IS FORMALLY OUT OF THE OK TEDI PROJECT AFTER SPENDING U.S DOLS 18 MILLION AND SIX YEARS. END SUMMARY.

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 PORT M 00254 240203Z

2. IN A PREPARED SPEECH TO MEMBERS OF THE HOUSE OF

ASSEMBLY MARCH 12, 1975, CHIEF MINISTER SOMARE STATED THAT QTE TALKS WERE NOT FORMALLY COMPLETED, UNQTE BUT GIVEN THE IMPASSE IN THE NEGOTIATIONS AND THE FACT THAT KENNECOTT HAD DONE NO PROSPECTING SINCE NEGOTIATIONS OPENED IN 1971 THE GOVERNMENT WOULD NOT RENEW THE OK TEDI PROSPECTING AUTHORITY. INSTEAD, IT INTENDS TO FUND THE SECOND PHASE OF EXPLORATION AND DEVELOPMENT DRILLING ITSELF. BOTH THE COMPANY AND GOVERNMENT AGREED THE 150 MILLION TON ORE BODY WAS TOO SMALL TO JUSTIFY THE U.S. DOLS 400 MILLION COST TO EXPLOIT AT THE PRESENT TIME. ADDITIONAL RESERVES MUST BE FOUND AND KENNECOTT REFUSED TO INVEST AN ADDITIONAL AUST DOLS 5 TO AUST DOLS 7 MILLION OR MORE ON FURTHER DRILLING WITHOUT PRIOR ASSURANCES WHICH WOULD PROVIDE THE BASIS OF A MINING AGREEMENT SHOULD THE ORE BODY PROVE VIABLE. (SEE REFTTEL).

3. AGREEMENT COULD NOT BE REACHED ON EITHER THE QUESTION OF PROFITABILITY OR THE PROBLEM OF INTERNATIONAL ARBITRATION IN THE EVENT OF A MAJOR PROBLEM BETWEEN THE COMPANY AND THE GOVERNMENT.

4. IN HIS STATEMENT, SOMARE SAID THE GOVERNMENT IS QTE DETERMINED THAT THIS DRILLING WORK WHICH HAS BEEN HELD IN OBEYANCE FOR THE PAST THREE YEARS, SHALL BE DONE AS RAPIDLY AS POSSIBLE. UNQTE HE OUTLINED SIX STEPS: 1) THE GPNG ITSELF WILL PAY FOR DRILLING AND FINAL EVALUATION UP TO THE PPONT WHERE IT IS POSSIBLE TO MAKE A DEFINITE DECISION WHETHER A MINE IS COMMERCIALLY JUSTIFIED OR NOT. 2) AN APPROACH HAS BEEN MADE TO SECURE A COMPANY OF INTERNATIONAL STANDING TO MANAGE THE DRILLING AND EVALUATION ON BEHALF OF THE GOVERNMENT (COMMENT: THE COMPANY IS ALLEGED TO BE CRA WHICH CONTROLS GOUGAINVILLE COPPER. END COMMENT.) 3) THE GOVERNMENT WILL MAINTAIN ALL THE EXISTING SERVICES PROVIDED NOW BY KENNECOTT. (COMMENT: KENNECOTT BUILT AN AIRSTRIP, SCHOOL AND MEDICAL DISPENSARY. THE SIX ROOM SCHOOL IS STAFFED WITH GOVERNMENT TEACHERS AND KENNECOTT HOPES CATHOLIC MISSIONARIES WILL TAKE OVER THE DISPENSARY. END COMMENT. 4) A STUDY COMMENCES APRIL 2, 1975, ON THE POSSIBILITY OF INTEGRATING TRANSPORT AND OTHER INFRASTRUCTURE FOR OK TEDI WITH WHAT UNCLASSIFIED

UNCLASSIFIED

PAGE 03 PORT M 00254 240203Z

WILL BE REQUIRED FOR OTHER POTENTIAL MINE SITES AT TIFALMIN AND FRIEDA RIVER. THE GPNG HAS APPOINTED RENDEL AND PARTNERS TO CARRY OUT THE STUDY. 5) THE GPNG WILL IMMEDIATELY INVESTIGATE THE POSSIBILITY OF BUILDING A JEEP TRACK FROM TABUBIL, THE OK TEDI BASE CAMP, TO THE MINE SITE NOW ACCESSIBLE ONLY BY JEEP OR HELICOPTER. 6) A TOP-LEVEL STEERING COMMITTEE HAS BEEN SET UP WITHIN THE GPNG TO ENSURE THE MOST RAPID POSSIBLE IMPLEMENTATION

OF THE PROGRAM.
OLMSTED

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COPPER, NATIONALIZATION, NEGOTIATIONS, SPEECHES
Control Number: n/a
Copy: SINGLE
Draft Date: 23 MAR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975PORTM00254
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750101-0836
From: PORT MORESBY
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750324/aaaaavkb.tel
Line Count: 117
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 75 PORT MORESBY 219
Review Action: RELEASED, APPROVED
Review Authority: hartledg
Review Comment: n/a
Review Content Flags:
Review Date: 18 JUN 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <18 JUN 2003 by SilvaL0>; APPROVED <26 FEB 2004 by hartledg>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: KENNECOTT OK TEDI COPPER NEGOTIATIONS STALEMATED
TAGS: EMIN, EIND, PP, KENNECOTT, (SOMARE, MICHAEL)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006